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Egypt

OILSEEDS AND PRODUCTS ANNUAL

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Report Highlights:
Egyptian oilseed production continues to decline as farmers planted less cotton in 2009/10. Production of both cotton and sunflower meal and oil in 2008/09 declined as a result of a drop in the production of cotton and sunflower seed. Imports of soybeans continue to increase in recent years due to increased crushing capacity for soybeans. Total soybeans imports in 2009/10 are expected to increase slightly to 1,025,000 MT from 1,020,000 MT in 2008/09.

Executive Summary:
Total Egyptian oilseed production continued to decline as farmers planted less cotton and sunflower. Soybean plantings remain relatively stable. A similar decline is expected in 2009/10. Cotton is the major oilseed grown in Egypt and the area is declining year after year (from 231,000 HA in 2007/08 to 133,000 HA in 2008/09 with a further decrease expected in 2009/10) due to loss in price

competitiveness with other lucrative summer crops, such as rice and corn**.** Production of cottonseed meal is also declining due to the decrease in cotton production. Sunflower area has also declined in response to the low returns that farmers receive. While soybean meal imports decreased, imports of soybeans increased due to the increasing crushing capacity.

Commodities:

Oilseed, Palm Kernel
Rice, Milled
Oilseed, Soybean
Meal, Cottonseed
Meal, Soybean
Oil, Cottonseed
Poultry, Meat, Broiler
Oil, Sunflowerseed
Oil, Rapeseed
Select

Production:

Total Egyptian oilseed production continued to decline as farmers planted less cotton and sunflower. A similar decline is expected in 2009/10. There was a slight increase in acreage in soybean plantings this year; however, it is forecast that soybean production will remain stable. Egypt's major constraints to increased oilseed production will continue to be the scarcity of arable land, water and limited returns compared to other crops. Cotton is the major oilseed grown in Egypt. It is produced primarily for fiber, with oil and meal production being of secondary importance. Soybeans and sunflowers also are cultivated, but on a much smaller scale.

Cotton:

In 2009/10, cotton production is expected to decrease by 17 percent compared to 2008/09, due to the negative returns that farmers received from their cotton. Total cottonseed production in 2008/09 declined to 180,000 MT from 314,000 MT in MY 2007/08.

Sunflowers:

The total area of sunflowers planted declined dramatically in recent years to less than 1,000 Ha. The total area in 2008/09 was 346 Ha. compared to 390 HA in MY 2007/08. The decline in recent years is due mainly to farmers reducing their planted acreage in response to the low price they receive for sunflowers. According to trade sources, it is expected that total planted area will remain about that same level in 2009/010 .

Soybeans:

The total area planted with soybeans in 2008/09 increased slightly to 11,000 HA from 10,000 HA in 2007/08. Stagnation in soybean planted area is primarily due to low prices paid to farmers by the soybean processors. In addition, soybeans proved less competitive with other summer crops, particularly corn and rice. Finally, increased plantings and a prolonged growing season for berseem (clover), made it difficult for soybeans to fit into the crop rotation cycle.

Meal:

Production of both cotton and sunflower meal declined in MY 2008/09, as a result of a drop in the production of cotton and sunflower seeds. This trend is expected to continue in MY 2009/10. Soybean meal production, however, experienced a slight increase in MY 2008/09, and is likely to be about the same level in MY 2009/10.

Oil:
Cottonseed oil is the main seed oil produced in Egypt. Total Egyptian seed oil production was down in 2008/09 to 218,000 MT from 239,000 MT in 2007/08 as a result of the decline in domestic cotton and sunflower seed production. A further decrease is expected to occur in 2009/10 especially given the anticipated drop in the amount of area planted with cotton.

Although there is no local production of palm oil in Egypt, there are a number of private sector palm oil processors and distributors that are using it in the manufacturing of gee and also for industrial use.

Consumption:

Egypt's total annual crushing capacity is estimated at about 1.6 MMT. With the decline of cotton and sunflower production and the relatively stable production of soybeans, several crushing facilities are operating at less than full capacity, some reaching only 50 percent. It is estimated that in 2008/09, the total oilseeds crushed will reach 1.23 MMT, slightly less than the 1.36 MMT crushed in 2007/08. Further decline is expected for MY 2009/10.

In the last few years, the demand for meal, especially soybean meal, has risen as a result of the modernization of the livestock industry in Egypt. The increase in the use of meal has been particularly noticeable in the poultry and aquaculture sectors. Most soybean meal is utilized in poultry rations, while cottonseed cake is used in livestock feed. The dairy industry is beginning to expand and modernize, and many farms are now using high quality feed rations based on protein meals. Total meal consumption in MY 2008/09 is estimated at 1.1 million MT, and is forecast to decrease slightly in MY 2009/10 mainly due to the decline in cotton production.

Egyptian per capita consumption of oils is estimated at slightly over 20 Kg/year. Given the importance of vegetable oil in Egyptian cuisine, this low consumption figure strongly suggests that vegetable oil is often used well after its optimal life span (particularly in popular restaurants).

Ration card holders are allowed only 0.50 Kg./person/month at a subsidized price of LE 0.50. In addition to that another 1.5 kg at LE 4.5 per kg is allowed. The average price for oil marketed by private producers ranges from LE 10/Kg. to LE 12/Kg.

In MY 2008/09, total Egyptian oil consumption is expected to increase by eight percent compared to MY 2007/08. Most of the increase is due to increased imports of both soybean oil and palm oil.

Because of its relatively low price, palm oil continues to maintain its competitive position with other imported oils for both human consumption and industrial use. Palm stearin is imported mainly as a substitute for tallow in soup manufacturing.

Trade:

Egypt is not a major oilseed importer. One of the constraining factors is that imports of cottonseed are forbidden as a precaution against the introduction of new cotton pests and diseases into Egypt. By contrast, imports of soybeans have continued to increase in recent years, in response to the shortfall in domestic oilseed production and also because of a growing demand for soybean meal within the poultry and livestock industries. Also, with Egypt's concerns about BSE, there is a growing trend to substitute imported animal protein concentrate from the European Union Countries with full-fat soy from other origins.

Meal:
Soybean meal was the only meal imported into Egypt in 2008/09 and it is estimated that a total of 233,000 MT were imported. U.S. soybean meal exports to Egypt were close to 60,000 MT in MY 2007/08, compared to 90,000 MT in MY 2006/07. The balance of imports was from South America, mostly Argentina. In MY 2009/10, import

levels are forecast to remain about the same level as 2008/09, with a slight increase. Total U.S. soybean meal exports to Egypt in 2008/9 are expected to decline to about 50,000 MT.

Oil cake and other meals extracted from vegetable oilseeds are subject to an import duty of 5 percent. The current average price for imported soybeans is $380 per MT/CIF, much less than the $570 per MT/CIF price during the last half of MY 2008. The current import prices for imported soybean meal (44 percent) and soybean meal (48 percent) are $380 and $410 per MT/C&F, respectively. This is compared to $470 and $490 per MT/C&F in 2008.

Oil:

Egypt continues to rely on imports to meet the bulk of its oil requirements. In MY 2008/09, total Egyptian oil imports are expected to increase by about 10 percent, mostly due to the increased imports of palm and soybean oil. The increase in palm and soy oil imports is attributed to the high price of cotton and sunflower oil in the international market. In MY 2008/09, Egypt imported 260 MT of sunflower oil, the majority of which came from Argentina and the Black Sea region. Sunflower oil imports for 2009/10 are expected to decrease slightly. Both Argentina and the Black sea region managed to increase their exports to the Egyptian market in MY 2007/08. Soy oil imports are expected to be strong in MY 2008/09. This will have impact on total Egyptian oil imports and a further increase is expected in MY 2009/10.

Egyptian imports of palm oil, for both direct consumption and industrial uses, increased in MY 2007/08 in response to the decreased price of palm oil in the international market. This trend is expected to continue in MY 2008/09 and MY 2009/10. The current average prices for imported palm oil are $850US C&F/MT. This compared to $1,060 per MT during 2007/08.

The average current price of imported crude sunflower oil is $732, as compared to $1,850/MT C&F Alexandria in MY 2007/08. The average price of imported soybean oil is currently $775 as compared to $1,250/MT C&F.

With the exception of cottonseed, virtually all oilseeds can be imported freely into Egypt.

Production, Supply and Demand Data Statistics:

Oilseed, Cottonseed Egypt	2007		2008		2009	
	2007/2008		2008/2009		2009/2010	
	Market Year Begin: Oct 2006		Market Year Begin: Oct 2007		Market Year Begin: Oct 2009	
	Annual Data Displayed	New Post Data	Annual Data Displayed	New Post Data	Annual Data Displayed	Jan Data
Area Planted (Cotton)	250	231	140	133		110
Area Harvested (Cotton)	250	231	135	133		110
Seed to Lint Ratio	6,800	6,700	6,800	6,800		6,800
Beginning Stocks	5	5	5	2		5
Production	340	314	160	180		150
MY Imports	0	0	0	0		0
MY Imp. from U.S.	0	0	0	0		0
MY Imp. from EU	0	0	0	0		0
Total Supply	345	319	165	182		155
MY Exports	0	0	0	0		0
MY Exp. to EU	0	0	0	0		0
Crush	335	314	158	173		148
Food Use Dom. Cons.	0	0	0	0		0
Feed Waste Dom. Cons.	5	3	3	4		3

Total Dom. Cons.	340	317	161	177		151
Ending Stocks	5	2	4	5		4
Total Distribution	345	319	165	182		155

Oilseed, Soybean Egypt	2007		2008		2009	
	2007/2008		2008/2009		2009/2010	
	Market Year Begin: Oct 2007		Market Year Begin: Oct 2008		Market Year Begin: Oct 2009	
	Annual Data Displayed	New Post Data	Annual Data Displayed	New Post Data	Annual Data Displayed	Jan Data
Area Planted	13	8	14	10		11
Area Harvested	13	8	13	10		11
Beginning Stocks	92	92	20	50		15
Production	32	26	32	27		29
MY Imports	1,061	1,010	1,130	1,020		1,025
MY Imp. from U.S.	728	867	550	870		800
MY Imp. from EU	0	0	0	0		0
Total Supply	1,185	1,128	1,182	1,097		1,069
MY Exports	0	0	0	0		0
MY Exp. to EU	0	0	0	0		0
Crush	1,129	1,048	1,112	1,055		1,007
Food Use Dom. Cons.	12	10	15	10		14
Feed Waste Dom. Cons.	24	20	26	17		23
Total Dom. Cons.	1,165	1,078	1,153	1,082		1,044
Ending Stocks	20	50	29	15		25
Total Distribution	1,185	1,128	1,182	1,097		1,069
CY Imports	1,250	900	1,130	1,017		1,015
CY Imp. from U.S.	550	430	550	490		475

Meal, Cottonseed Egypt	2007		2008		2009	
	2007/2008		2008/2009		2009/2010	
	Market Year Begin: Oct 2006		Market Year Begin: Oct 2007		Market Year Begin: Oct 2009	
	Annual Data Displayed	New Post Data	Annual Data Displayed	New Post Data	Annual Data Displayed	Jan Data
Crush	335	314	158	173		148
Extr. Rate, 999.9999	0.	0.465	0.	0.4682		0.4595
Beginning Stocks	0	0	0	0		0
Production	156	146	74	81		68
MY Imports	5	0	5	0		0

MY Imp. from U.S.	0	0	0	0		0
MY Imp. from EU	0	0	0	0		0
Total Supply	161	146	79	81		68
MY Exports	0	0	0	0		0
MY Exp. to EU	0	0	0	0		0
Industrial Dom. Cons.	0	0	0	0		0
Food Use Dom. Cons.	0	0	0	0		0
Feed Waste Dom. Cons.	161	146	79	81		68
Total Dom. Cons.	161	146	79	81		68
Ending Stocks	0	0	0	0		0
Total Distribution	161	146	79	81		68

Meal, Soybean Egypt	2007		2008		2009	
	2007/2008		2008/2009		2009/2010	
	Market Year Begin: Oct 2007		Market Year Begin: Oct 2008		Market Year Begin: Oct 2009	
	Annual Data Displayed	New Post Data	Annual Data Displayed	New Post Data	Annual Data Displayed	Jan Data
Crush	1,129	1,078	1,112	1,010		1,015
Extr. Rate, 999.9999	1.	0.7904	1.	0.7921		0.7901
Beginning Stocks	36	36	10	13		18
Production	899	852	889	800		802
MY Imports	135	233	260	250		245
MY Imp. from U.S.	75	74	95	90		80
MY Imp. from EU	0	0	0	0		0
Total Supply	1,070	1,121	1,159	1,063		1,065
MY Exports	0	0	0	0		0
MY Exp. to EU	0	0	0	0		0
Industrial Dom. Cons.	0	0	0	0		0
Food Use Dom. Cons.	0	0	0	0		0
Feed Waste Dom. Cons.	1,060	1,108	1,142	1,045		1,050
Total Dom. Cons.	1,060	1,108	1,142	1,045		1,050
Ending Stocks	10	13	17	18		15
Total Distribution	1,070	1,121	1,159	1,063		1,065

Meal, Sunflowerseed Egypt	2007		2008		2009	
	2007/2008		2008/2009		2009/2010	
	Market Year Begin: Oct 2007		Market Year Begin: Oct 2008		Market Year Begin: Oct 2009	
	Annual Data Displayed	New Post Data	Annual Data Displayed	New Post Data	Annual Data Displayed	Jan Data
Crush	5	0	5	0		0
Extr. Rate, 999.9999	0.	0.	0.	0.		0.
Beginning Stocks	0	0	0	0		0

Production	2	0	2	0		0
MY Imports	13	5	139	7		8
MY Imp. from U.S.	0	0	0	0		0
MY Imp. from EU	0	0	0	0		0
Total Supply	15	5	141	7		8
MY Exports	0	0	0	0		0
MY Exp. to EU	0	0	0	0		0
Industrial Dom. Cons.	0	0	0	0		0
Food Use Dom. Cons.	0	0	0	0		0
Feed Waste Dom. Cons.	15	5	141	7		8
Total Dom. Cons.	15	5	141	7		8
Ending Stocks	0	0	0	0		0
Total Distribution	15	5	141	7		8

Oil, Cottonseed Egypt	2007		2008		2009	
	2007/2008		2008/2009		2009/2010	
	Market Year Begin: Oct 2006		Market Year Begin: Oct 2007		Market Year Begin: Oct 2008	
	Annual Data Displayed	New Post Data	Annual Data Displayed	New Post Data	Annual Data Displayed	Jan Data
Crush	335	314	158	173		148
Extr. Rate, 999.9999	0.	0.1592	0.	0.1561		0.1554
Beginning Stocks	0	0	0	0		0
Production	53	50	25	27		23
MY Imports	0	3	0	5		8
MY Imp. from U.S.	0	0	0	0		0
MY Imp. from EU	0	0	0	0		0
Total Supply	53	53	25	32		31
MY Exports	0	0	0	0		0
MY Exp. to EU	0	0	0	0		0
Industrial Dom. Cons.	5	3	5	2		2
Food Use Dom. Cons.	48	50	20	30		29
Feed Waste Dom. Cons.	0		0	0		0
Total Dom. Cons.	53	53	25	32		31
Ending Stocks	0		0	0		0
Total Distribution	53	53	25	32		31

Oil, Soybean Egypt	2007		2008		2009	
	2007/2008		2008/2009		2009/2010	
	Market Year Begin: Oct 2007		Market Year Begin: Oct 2008		Market Year Begin: Oct 2009	
	Annual Data Displayed	New Post Data	Annual Data Displayed	New Post Data	Annual Data Displayed	Jan Data

Crush	1,129	1,048	1,112	1,055		1,007
Extr. Rate, 999.9999	0.	0.1794	0.	0.1801		0.1797
Beginning Stocks	0	0	143	50		100
Production	203	188	200	190		181
MY Imports	480	460	220	590		600
MY Imp. from U.S.	20	20	7	19		20
MY Imp. from EU	0	0	0	0		0
Total Supply	683	648	563	830		881
MY Exports	0	0	0	0		0
MY Exp. to EU	0	0	0	0		0
Industrial Dom. Cons.	10	12	11	12		13
Food Use Dom. Cons.	530	586	488	718		778
Feed Waste Dom. Cons.	0	0	0	0		0
Total Dom. Cons.	540	598	499	730		791
Ending Stocks	143	50	64	100		90
Total Distribution	683	648	563	830		881

Oil, Sunflowerseed Egypt	2007		2008		2009	
	2007/2008		2008/2009		2009/2010	
	Market Year Begin: Oct 2006		Market Year Begin: Jun 2008		Market Year Begin: Oct 2008	
	Annual Data Displayed	New Post Data	Annual Data Displayed	New Post Data	Annual Data Displayed	Jan Data
Crush	5	0	5	0		0
Extr. Rate, 999.9999	0.	0.	0.	0.		0.
Beginning Stocks	0	0	0	0		0
Production	1	0	1	0		0
MY Imports	214	250	352	260		250
MY Imp. from U.S.	0	0	0	0		0
MY Imp. from EU	0	0	0	0		0
Total Supply	215	250	353	260		250
MY Exports	0	0	0	0		0
MY Exp. to EU	0	0	0	0		0
Industrial Dom. Cons.	0	0	0	0		0
Food Use Dom. Cons.	215	250	353	260		250
Feed Waste Dom. Cons.	0	0	0	0		0
Total Dom. Cons.	215	250	353	260		250
Ending Stocks	0	0	0	0		0
Total Distribution	215	250	353	260		250